NEWBREAK RESOURCES

Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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Audit. Tax. Advisory.

Independent Auditor's Report

To the Board of Directors of New Break Resources Ltd.

Opinion

We have audited the financial statements of New Break Resources Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has a cumulative deficit and a working capital deficiency as at December 31, 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 21, 2021

Statements of Financial Position
As at

(Expressed in Canadian Dollars)		December 31, 2020	December 31, 2019
Assets			
Current assets			
Cash		$ **144,278**	$ 192,778
HST receivable		**20,557**	6,918
		164,835	199,696
Non-current assets			
Mineral properties	Note 6	**225,000**	-
Total Assets		$ **389,835**	$ 199,696
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities	Note 7	$ **238,817**	$ 49,011
Flow-through share premium liability	Notes 8(b), 12	**36,684**	98,028
Total Liabilities		**275,501**	147,039
Shareholders' Equity			
Share capital	Note 8(b)	**750,631**	263,760
Warrant reserve	Note 8(d)	**38,971**	515
Stock option reserve	Note 8(c)	**13,195**	20,300
Deficit		**(688,463)**	(231,918)
Total Shareholders' Equity		**114,334**	52,657
Total Liabilities and Shareholders' Equity		$ **389,835**	$ 199,696

Nature of operations and going concern (Note 1)
Commitments (Note 12)
Subsequent events (Note 13)

Approved by the Board of Directors and authorized on June 21, 2021:

"*Michael Farrant*"
Michael Farrant
Director

"*Thomas Puppendahl*"
Thomas Puppendahl
Director

The accompanying notes form an integral part of these financial statements

NEWBREAK RESOURCES

Statements of Loss and Comprehensive Loss
For the years ended

(Expressed in Canadian Dollars)		December 31, 2020	2019
Expenses			
Exploration and evaluation	Note 6	**$ 409,089**	$ 62,261
Management fees	Note 9	**128,550**	105,000
Consulting fees	Note 9	**-**	15,000
Professional fees		**21,868**	20,692
General and administrative		**29,272**	23,808
Shareholder costs		**2,040**	1,525
Travel		**1,718**	3,506
Share-based compensation	Note 8(c)	**-**	20,300
Loss before the undernoted		**(592,537)**	(252,092)
Bank charges		**(312)**	(198)
Interest income		**15**	-
Flow-through share premium recovery	Note 12	**131,214**	20,572
Net loss and comprehensive loss for the year		**$ (461,620)**	$ (231,718)
Net loss per share			
Basic and diluted loss per share		**$ (0.03)**	$ (0.03)
Weighted average number of shares outstanding – basic and diluted		**16,907,000**	7,882,453

The accompanying notes form an integral part of these financial statements

Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)	Note	Share Capital Number of Shares	Share Capital Amount	Reserves Warrants	Reserves Stock Options	Deficit	Total
Balance at December 31, 2018		**3**	**$ -**	**$ -**	**$ -**	**$ (200)**	**$ (200)**
Shares issued for cash	8(b)(i)(iii)(iv)	8,599,999	162,000	-	-	-	162,000
Shares issued for services	8(b)(ii)	1,699,998	17,000	-	-	-	17,000
Flow-through shares issued for cash	8(b)(v)	2,965,000	207,550	-	-	-	207,550
Flow-through premium	8(b)(v)	-	(118,600)				(118,600)
Share issue costs - cash	8(b)(v)	-	(3,675)	-	-	-	(3,675)
Share issue costs – fair value of finders' warrants	8(b)(v), 8(d)	-	(515)	515	-	-	-
Share-based compensation	8(c)	-	-	-	20,300	-	20,300
Net loss for the year		-	-	-	-	(231,718)	(231,718)
Balance at December 31, 2019		**13,265,000**	**$ 263,760**	**$ 515**	**$ 20,300**	**$ (231,918)**	**$ 52,657**
Flow-through shares issued for cash	8(b)(vii)(viii)(xvi)	2,678,300	238,431	-	-	-	238,431
Flow-through premium	8(b)(vii)(viii)(xvi)	-	(69,870)				(69,870)
Share issue costs on flow-through financing	8(b)(xvi)	-	(9,153)	2,139	-	-	(7,014)
Shares issued for cash as part of unit financings	8(b)(ix)(xii)(xiii)(xiv)(xv)	2,175,000	206,250	-	-	-	206,250
Warrants issued as part of unit financings	8(d)	-	(36,317)	36,317	-	-	-
Share issue costs on unit financing	8(b)(xii)	-	(4,500)	-	-	-	(4,500)
Shares issued for mineral property option payment	8(b)(vi)	600,000	30,000	-	-	-	30,000
Shares issued for purchase of mineral property	8(b)(x)	2,500,000	125,000	-	-	-	125,000
Exercise of stock options	8(b)(xi), 8(c)	100,000	7,030	-	(2,030)	-	5,000
Expiry of stock options	8(c)	-	-	-	(5,075)	5,075	-
Net loss for the year		-	-	-	-	(461,620)	(461,620)
Balance at December 31, 2020		**21,318,300**	**$ 750,631**	**$ 38,971**	**$ 13,195**	**$ (688,463)**	**$ 114,334**

The accompanying notes form an integral part of these financial statements

NEWBREAK RESOURCES

Statements of Cash Flows
For the years ended

(Expressed in Canadian Dollars)		December 31, **2020**	2019
Cash flows from operating activities			
Net loss for the year		**$ (461,620)**	$ (231,718)
Adjustments not affecting cash:			
Flow-through share premium recovery	Note 12	**(131,214)**	(20,572)
Share-based compensation	Note 8(c)	**-**	20,300
Shares issue for services		**-**	17,000
Shares issue for mineral property option payment	Note 6	**30,000**	-
Operating cash flows before changes in non-cash working capital:		**(562,834)**	(214,990)
Changes in non-cash working capital:			
HST receivable		**(13,639)**	(6,918)
Accounts payable and accrued liabilities		**189,806**	48,811
Cash used in operating activities		**(386,667)**	(173,097)
Cash flows from investing activities			
Purchase of mineral property	Note 6	**(100,000)**	-
Cash used in investing activities		**(100,000)**	-
Cash flows from financing activities			
Proceeds from private placements	Note 8(b)	**444,681**	369,550
Share issue costs	Notes 8(b)(xii)(xvi)	**(11,514)**	(3,675)
Exercise of stock options	Note 8(c)	**5,000**	-
Cash provided by financing activities		**438,167**	365,875
(Decrease) increase in cash during the year		**(48,500)**	192,778
Cash, beginning of year		**192,778**	-
Cash, end of year		**$ 144,278**	$ 192,778

Supplemental cash flow information:			
Value of common shares issued for services	Note 8(b)(ii)	**$ -**	$ 17,000
Value of finders' warrants issued	Note 8(b)(xvi)	**$ 2,139**	$ 515
Value of common shares issued for purchase of mineral property	Note 8(b)(x)	**$ 125,000**	$ -

The accompanying notes form an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

New Break Resources Ltd. (the "Company" or "New Break") is a Canadian mineral exploration company currently engaged in the acquisition, exploration and evaluation of mineral properties in Canada. All of the Company's mineral property interests are currently in the exploration and evaluation stage.

The Company was incorporated under the name "8861587 Canada Corporation" under the laws of Canada on April 18, 2014. Effective December 28, 2018, the Company changed its name to New Break Resources Ltd. The address of the Company's corporate office and principal place of business is 18 King Street East, Suite 902 Toronto, Ontario, M5C 1C4, Canada.

These financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profitable levels of operations. Changes in future conditions could require material write downs of the carrying values.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that the exploration programs will result in profitable operations. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

Although the Company has taken steps to verify title to the properties on which it is conductingexploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, indigenous claims, and non-compliance with regulatory, environmental and social licensing requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

The Company has not realized a profit from operations and has incurred expenditures related to property exploration, resulting in a cumulative deficit of $688,463 as at December 31, 2020 (December 31, 2019 - $231,918) and has a working capital deficiency as at December 31, 2020. The recoverability of the carrying value of mineral properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its property interests on an advantageous basis. Management cannot provide assurance that it will be successful in future financingactivities or be able to execute its business strategy. As at December 31, 2020, the Company had current assets of $164,835 (December 31, 2019 - $199,696) to cover current liabilities of $238,817 (December 31, 2019 - $49,011), exclusive of non-cash flow-through share premium liability. These conditions indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and include interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies set out were consistently applied to all periods presented unless otherwise noted below.

(b) Basis of Presentation

These financial statements have been prepared on the historical cost basis, except for financial instruments designated at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars, which is the Company's functional currency. All values are rounded to the nearest dollar.

(c) Approval of the Financial Statements

The financial statements of the Company for the year ended December 31, 2020 were reviewed, approved and authorized for issue by the Board of Directors of the Company on June 21, 2021.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires that management make judgements, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities, profits and expenses. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effect of a change in an accounting estimate is recognized prospectively by including it in income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

2. BASIS OF PRESENTATION (Continued)

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and applicable non-employees by reference to the fair value of the equity instruments at the date at which they are vested. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, risk-free interest rates, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8(c).

Title to exploration and evaluation property interests

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Rehabilitation provisions

The Company records management's best estimate of the present value of the future cash requirements of any rehabilitation obligation as a long-term liability in the period in which the related environmental disturbance occurs based on the net present value of the estimated future costs. This obligation is adjusted at each period end to reflect the passage of time and any changes in the estimated future costs underlying the obligation. In determining this obligation, management must make a number of assumptions about the amount and timing of future cash flows and discount rate to be used. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequentto the financial statement reporting period. Where the final tax outcome of these matters is different fromthe amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Capitalization of mineral property acquisition costs

Where mineral properties are acquired through an acquisition agreement, management has determined that capitalized acquisition costs have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including, but not limited to, the geologic and metallurgic information, operating management expertise and existing permits.See Note 6 for details of the Company's capitalized acquisition costs in respect of mineral properties.

2. BASIS OF PRESENTATION (Continued)

Impairment of mineral properties

While assessing whether any indications of impairment exist for mineral properties, consideration is given to both external and internal sources of information. Information the Company considers includeschanges in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mineral properties. Internal sources of information include the manner in which the mineral properties are being used or are expected to be used and indications of expected economic performance of the properties. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties.

(e) Accounting Standards Adopted in 2020

There were amendments to IFRS standards and interpretations which became effective for periods beginning on or after January 1, 2020. The most significant of these is to IFRS 3 *Business Combinations* which amended the definition of a business. None of these amendments had any material impact on the Company's financial statements.

Amendment to IFRS 3 *Definition of a Business* - The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020. The acquisition of the Moray Gold Project (see Note 6) was the acquisitionof an asset, and therefore not subject to IFRS 3.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all period presented in these financial statements except where noted.

(a) Cash

Cash consists of cash on deposit with a major Canadian bank. Cash is measured at Amortized Cost.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Exploration and Evaluation Properties

Acquisition Costs

The costs of acquiring mineral property interests comprised of payments of cash and common shares, are capitalized as mineral property assets. This does not include payments of cash and common shares in respect of option agreements where the ultimate acquisition of the property is uncertain at the time the initial payment is made.

Exploration and Evaluation Expenditures

Payments of cash and common shares pursuant to option agreements, costs of staking and all expenditures on exploration and evaluation activities are recorded as exploration and evaluation expenses until it has been established that a mineral property is commercially viable.

Development Assets

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures related to development and construction are capitalized as construction-in-progress and classified as a component of property, plant and equipment. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management are capitalized. Development expenditure is net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to makethe asset ready for its intended use are complete.

Disposition or Abandonment of Mineral Properties

Proceeds received from the sale of any interest in a mineral property are first credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition cost of the property is written off to operations.

Impairment

The application of the Company's accounting policy for acquisition costs related to mineral properties, requires judgement in determining whether there are future economic benefits, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of the carrying value is unlikely, the amount to be written off is expensed in the statement of operations in the period when the new information becomes available. The Company assesses each cash generating unit ("CGU") at each reporting date to determine whether any indication of impairment exists.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the assets in an arm's length transaction between knowledgeable and willing parties. The carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss in the statement of loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Equipment

Recognition and Measurement

Equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all expenditures that are directly attributable to the acquisition of the asset.

Depreciation

When applicable, depreciation is calculated using the straight-line method over the estimated useful lives of assets as follows:

Office furniture and equipment - 3 years.
Computer hardware and software – 2 years.

The Company does not currently have any office or computer equipment.

Impairment

The carrying amounts of the Company's equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or group of assets, in which case, the individual assets are grouped together into CGUs for impairment purposes.

An impairment exists when the carrying amount of the asset, or group of assets, exceeds its recoverable amount. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the statement of operations. The recoverable amount of an asset is the higher of its fair value less costs to dispose and its value in use.

A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized such that the recoverable amount has increased. The carrying amount after a reversal must not exceed the carrying account (net of depreciation) that would have been determined had no impairment loss been recognized.

(d) Financial Instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss. The Company does not measure any financial assets at FVPL.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. Cash is measured at amortized cost.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

IFRS 9 allows a simplified approach to impairment assessment, which requires the expected lifetime loss to be recognized at the time of initial recognition of the financial assets. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent measurement – financial liabilities at FVPL

Financial liabilities measured at FVPL include financial liabilities management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial liabilities measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statement of loss. The Company does not measure any financial liabilities at FVPL.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statement of loss.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Fair Value Hierarchy

Financial instruments recorded at fair value on the statements of financial position are classified using a financial value hierarchy that reflects the significance of the inputs used in marking the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices including Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset and liability that are not based on observable market data (unobservable inputs).

The Company does not have any financial instruments measured at fair value and that require classification within the fair value hierarchy.

(e) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's common shares, warrants, stock options and flow-through shares are classified as equity instruments. Preference share capital is classified as equity if it is non-retractable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from proceeds.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Warrants

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The relative fair value of the share component is credited to share capital and the relative fair value of the warrant component is credited to warrant reserve. Upon exercise of the warrants, consideration paid by the warrant holder together with the amount previously recognized in the warrant reserve account is recorded as an increase to share capital. For those warrants that expire unexercised, the recorded fair value is transferred from warrant reserve to deficit.

(g) Flow-Through Shares

Upon the issuance of flow-through shares, the Company records the initial proceeds to share capital, net of tax liability, if any. The flow-through share premium liability on the statement of financial position represents the premium of the financing price in excess of the market share price on the date of the flow-through share financing. The financial liability pertaining to the premium is recognized in the statement of loss consistent with expenditure renunciations. As the Company incurs eligible Canadian Exploration Expenditures ("CEE") to meet flow-through requirements, a corresponding flow-through share premium recovery is recognized in the statement of loss.

(h) Share-Based Payments

The Company accounts for share-based payments using the fair value method. Under this method, compensation expense for employees is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense with a corresponding increase in stock option reserve, a component of equity, over the period that the employees earn the options. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. TheBlack-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

Upon the exercise of stock options, consideration paid by the option holder together with the amount previously recognized in the stock option reserve account is recorded as an increase to share capital. For those options that are cancelled or expire after vesting, the recorded fair value is transferred from stock option reserve to deficit.

Warrants, stock options, and other equity instruments issued as purchase consideration in non-cash transactions are recorded at fair value of the goods or services received or if the value of the goods or services received is not reliably measurable then the value of such goods and services are measured with reference to the fair value of the equity instruments issued. With respect to the acquisition of exploration and evaluation assets, the Company does not believe that the fair value of these assets is reliably measurable at the time of purchase. As such, when shares of the Company are issued as consideration for the purchase of exploration and evaluation assets, classified as mineral properties, the fair value of the asset is based upon the price of the Company's shares on the date of the agreement to issue shares as determined by the Board of Directors. In the event that options or warrants are issued where the fair value of goods or services are not reliably measurable, they are valued using the Black-Scholes pricing model.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Reclamation Obligation

A legal or constructive obligation to incur restoration, rehabilitation, and environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive.

The fair value of the liability for an asset retirement obligation is recorded when the legal obligation arises and the corresponding increase to the asset is amortized over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. The Company does not currently have any significant legal or constructive obligations and therefore, no reclamation provision has been recorded as at December 31, 2020 and December 31, 2019.

(j) Loss Per Common Share

The Company presents basic and diluted loss per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise convertible warrants and stock options granted by the Company. Diluted loss per share for the periods presented does not include the effect of the stock options and warrants issued by the Company, as they are anti-dilutive.

(k) Income Taxes

Income tax expense is comprised of current and deferred tax expense. Current tax expense is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purpose.

Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity. Income taxes are calculated using the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for tax losses and other deductions carried forward.

Deferred income tax assets and liabilities are calculated using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. An asset is recognized on the statement of financial position only when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The effect on deferred tax assets andliabilities of changes in tax rates are recognized in operations in the period in which the change is substantively enacted.

4. FINANCIAL INSTRUMENTS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The Company does not use derivative financial instruments for purposes other than risk management. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up to date market information.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The Company may use derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage certain exposures. These market risks are evaluated by monitoring changes in key economic indicators and market information on an ongoing basis.

Commodity Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company monitors commodity prices as they relate to gold and the stock market to determine the appropriate course of action to be taken.

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main source of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash. The 2021 Moray exploration budget is planned to be partially funded from flow-through funds raised in 2020. There is no certainty of the Company’s ability to complete additional financings.

As at December 31, 2020 the Company held current assets of $164,835 (December 31, 2019 - $199,696) to settle current liabilities of $238,817 (December 31, 2019 - $49,011), exclusive of non-cash flow-through premium liability.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears interest at market rates. In the event that the Company held interest bearing debt, the Company could be exposed to interest rate risk. The Company does not have any interest-bearing debt. Other current financial assets and liabilities are not exposed to interest rate risk because of their short-term nature.

(Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS (Continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash. The Company has reduced its credit risk by investing its cash with a Canadian chartered bank.

The Company's financial assets and liabilities as at December 31, 2020 and 2019 were as follows:

	Amortized Cost	FVPL	Total
December 31, 2019			
Financial assets			
Cash	$ 192,778	$ -	$ 192,778
Financial liabilities			
Accounts payable and accrued liabilities	$ 49,011	$ -	$ 49,011
December 31, 2020			
Financial assets			
Cash	$ 144,278	$ -	$ 144,278
Financial liabilities			
Accounts payable and accrued liabilities	$ 238,817	$ -	$ 238,817

The fair values of these financial instruments approximate their carrying values because of their short- term nature.

5. CAPITAL MANAGEMENT

The Company defines capital management as the manner in which it manages its share capital. As at December 31, 2020, the Company's share capital was $750,631 (December 31, 2019 - $263,760).

Up until December 31, 2018, the Company was effectively inactive. During the year ended December 31, 2019, the Company's approach to capital management changed as it began operations as a mineral exploration and evaluation company and began to issue shares from treasury in order to raise capital to fund its operations. The Company is not subject to any externally imposed capital requirements.

The Company's objective in managing capital is to maintain the entity's ability to continue as a going concern, support the Company's normal operating requirements and to continue the exploration and evaluation of its mineral properties.

The Board of Directors does not establish a quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments to obtain additional financing.

(Expressed in Canadian Dollars)

6. MINERAL PROPERTIES

Acquisition Costs	**December 31, 2020**	December 31, 2019
Moray Gold Project	**$ 225,000**	$ -
Total Mineral Properties	**$ 225,000**	$ -

Moray Gold Project

On July 15, 2020, the Company finalized a Mining Claim Acquisition Agreement and Net Smelter Return ("NSR") Royalty Agreement with a private company, Exiro Minerals Corp. ("Exiro"), to acquire a 100% interest in 14 unpatented mining claims in Zavitz Township of the Porcupine Mining Division and the Hincks Township of the Larder Lake Mining Division, approximately 49 km southeast of Timmins, Ontario, in exchange for $100,000 in cash and 2,500,000 common shares of New Break. The 2,500,000 common shares were issued on July 15, 2020 at an estimated fair value of $125,000. In addition, the Company paid $20,000 to Exiro on July 31, 2020 and the remaining $80,000 on September 18, 2020.

Certain of the claims ("Exiro Claims") are subject to a 2% NSR royalty and certain other of the claims ("Voyageur Claims") are subject to a 1% NSR royalty in favour of Exiro. The Voyageur Claims are also subject to a 1% NSR royalty in favour of a previous property owner. New Break can repurchase 50% of the Exiro NSR royalty at any time for a payment of $1.0 million and can repurchase 50% of the Voyageur NSR royalty at any time for a payment of $750,000.

Kraken Project

On March 1, 2019, the Company entered into an option agreement with Kraken Gold Corporation, a private company ("Kraken"), whereby New Break could acquire a 100% interest in certain mining claims and properties in the Porcupine and Larder Lake Mining Divisions near Timmins, Ontario, (the "Kraken Property").

Under the terms of this option agreement, the Company issued 600,000 common shares valued at $30,000 during the year ended December 31, 2020 (2019 – Nil) and made cash payments of $Nil (2019 - $20,000). On April 30, 2020, the Company informed Kraken that it would not be proceeding with the option agreement.

Nunavut Gold Projects on Crown Land

See Note 13 for details of the staking of certain mineral claims in Kivalliq Region, Nunavut on Crown Land, subsequent to December 31, 2020.

Exploration and Evaluation Expenditures

For the year ended December 31, 2020	**Kraken**	**Moray**	**Other**	**Total**
Share option payment	$ 30,000	$ -	$ -	$ 30,000
Drilling program	266,204	-	-	266,204
Consulting fees	4,250	48,117	21,221	73,588
Technical report	-	32,390	-	32,390
Land management	4,348	663	1,896	6,907
	$ 304,802	$ 81,170	$ 23,117	$ 409,089

(Expressed in Canadian Dollars)

6. MINERAL PROPERTIES (Continued)

For the year ended December 31, 2019	Kraken
Cash option payment	$ 20,000
Drilling program	5,522
Stripping program	19,579
Consulting fees	14,400
Land management	2,760
	$ 62,261

7. ACCOUNTS PAYABLE

Accounts payable and accrued liabilities consist primarily of outstanding vendors' invoices and accrued expenses incurred during the periods. The balances owing to the creditors are payable in accordance with the vendors' individual credit terms.

	December 31, 2020	December 31, 2019
Management fees	**$ 132,724**	$ 6,215
Trade and other payables	**84,733**	29,056
Audit and tax services fees	**21,360**	13,740
	$ 238,817	$ 49,011

8. SHARE CAPITAL

(a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

(b) Issued and outstanding

Share Capital	**Note 8(b)**	**Number of Common Shares**	**Amount**
Balance at December 31, 2018		**3**	**$ -**
Private placement of common shares – March 29, 2019	(i)	4,799,999	48,000
Common shares issued for services – March 29, 2019	(ii)	1,699,998	17,000
Private placement of common shares – May 17, 2019	(iii)	3,500,000	105,000
Private placement of common shares – July 26, 2019	(iv)	300,000	9,000
Private placement of F-T common shares	(v)	2,965,000	207,550
Less: flow-through premium on F-T common shares	(v)	-	(118,600)
Share issue costs – cash	(v)	-	(3,675)
Share issue costs – fair value of warrants	(v)	-	(515)
Balance at December 31, 2019		**13,265,000**	**$ 263,760**

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

Share Capital	Note 8(b)	Number of Common Shares	Amount
Balance at December 31, 2019		**13,265,000**	**$ 263,760**
Common shares issued for option payment – February 29, 2020	(vi)	600,000	30,000
Private placement of F-T common shares – April 2020	(vii)(viii)	1,659,300	116,151
Less: flow-through premium on F-T common shares	(vii)(viii)	-	(33,186)
Private placement of $0.07 units – May 1, 2020	(ix)	375,000	26,250
Less: warrant valuation	(ix)	-	(7,425)
Common shares issued for mineral property – July 15, 2020	(x)	2,500,000	125,000
Exercise of stock options – cash proceeds	(xi)	100,000	5,000
Exercise of stock options – fair value	(xi)	-	2,030
Private placement of $0.10 units	(xii)(xiii)(xiv)(xv)	1,800,000	180,000
Less: warrant valuation	(xii)(xiii)(xiv)(xv)	-	(28,892)
Share issue costs – cash	(xii)	-	(4,500)
Private placement of F-T common shares – December 31, 2020	(xvi)	1,019,000	122,280
Less: flow-through premium on F-T common shares	(xvi)	-	(36,684)
Share issue costs – cash	(xvi)	-	(7,014)
Share issue costs – fair value of warrants	(xvi)	-	(2,139)
Balance at December 31, 2020		**21,318,300**	**$ 750,631**

(i) On March 29, 2019, the Company completed a non-brokered private placement for gross proceeds of $48,000, through the issuance of 4,799,999 common shares at $0.01 per share (see Note 9).

(ii) On March 29, 2019, the Company issued 1,699,998 common shares at a price of $0.01 per share in respect of consulting services valued at $17,000 (see Note 9).

(iii) On May 17, 2019, the Company completed a non-brokered private placement for gross proceeds of $105,000, through the issuance of 3,500,000 common shares at $0.03 per share.

(iv) On July 26, 2019, the Company completed a non-brokered private placement for gross proceeds of $9,000, through the issuance of 300,000 common shares at $0.03 per share.

(v) The Company completed the following non-brokered private placements for gross proceeds of $207,550 through the issuance of 2,965,000 flow-through common shares ("F-T Shares") at a price of $0.07 per F-T Share:
- August 1, 2019 – 215,000 F-T Shares for gross proceeds of $15,050 (see Note 9);
- September 29, 2019 – 1,250,000 F-T Shares for gross proceeds of $87,500;
- September 30, 2019 – 750,000 F-T Shares for gross proceeds of $52,500; and
- December 31, 2019 – 750,000 F-T Shares for gross proceeds of $52,500.

In connection with the issuance of the F-T Shares on December 31, 2019, the Company paid a finder's fee equal to $3,675 and issued 52,500 finders' warrants. Each finders' warrant is exercisable into one common share at a price of $0.07 per share for 24 months from the date of closing. The fair value of these warrants was estimated at $515 using the assumptions in Note 8(d) and recordedas share issuance costs. The Company recognized an aggregate flow-through premium of $118,600 asa result of the issuances of the F-T Shares.

8. SHARE CAPITAL (Continued)

(vi) On February 29, 2020, the Company issued 600,000 common shares in connection with an option payment on the Kraken Project. The fair value of the 600,000 shares was estimated at $30,000 (see Note 6). The fair value of the common shares was estimated by comparison to recent financing prices.

(vii) On April 1, 2020, the Company completed a non-brokered private placement for gross proceeds of $26,250 through the issuance of 375,000 F-T Shares at a price of $0.07 per F-T Share. The Company recognized a flow-through premium of $7,500 as a result of the issuances of the F-T Shares.

(viii) On April 15, 2020, the Company completed a non-brokered private placement for gross proceeds of $89,901 through the issuance of 1,284,300 F-T Shares at a price of $0.07 per F-T Share. Directors of the Company subscribed for 470,000 of the F-T Shares issued. The Company recognized an aggregate flow-through premium of $25,686 as a result of the issuance of the F-T Shares.

(ix) On May 1, 2020, the Company completed a non-brokered private placement for gross proceeds of $26,250 through the issuance of 375,000 units at a price of $0.07 per unit. Each unit consists of one common share and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one common share at an exercise price of $0.15 for a period of thirty-six months from the date of closing. The issue date fair value of the warrants was estimated to be $7,425 based on their Black-Scholes value, using assumptions in Note 8(d).

(x) On July 15, 2020, the Company issued 2,500,000 common shares in connection with the purchase of the Moray Gold Project. The fair value of the 2,500,000 shares was estimated at $125,000 (see Note 6). The fair value of the common shares was estimated by comparison to recent financing prices.

(xi) On July 22, 2020, stock options to purchase 100,000 common shares of the Company at a price of $0.05 were exercised for proceeds of $5,000 by an officer who is also a director of the Company. Grant date fair value of $2,030 was transferred from stock option reserve to share capital in connection with the exercise.

(xii) On September 11, 2020, the Company completed a non-brokered private placement for gross proceeds of $125,000 through the issuance of 1,250,000 units at a price of $0.10 per unit. Each unit consists of one common share and one half of a common share purchase warrant, with each full warrant entitling the holder thereof to purchase one common share at an exercise price of $0.15 for a period of twenty-four months from the date of closing, subject to certain conditions which allow for acceleration of that timeframe. In connection with the issuance of the units, the Company paid a cash finder's fee of $4,500. The issue date fair value of the warrants was estimated to be $20,065 based on their Black-Scholes value, using assumptions in Note 8(d).

(xiii) On September 28, 2020, the Company completed a non-brokered private placement for grossproceeds of $20,000 through the issuance of 200,000 units at a price of $0.10 per unit. Each unit consists of one common share and one half of a common share purchase warrant, with each full warrant entitling the holder thereof to purchase one common share at an exercise price of $0.15 for a period of twenty-four months from the date of closing, subject to certain conditions which allow for acceleration of that timeframe. The issue date fair value of the warrants was estimated to be $3,210 based on their Black-Scholes value, using assumptions in Note 8(d).

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

(xiv) On November 12, 2020, the Company completed a non-brokered private placement for grossproceeds of $30,000 through the issuance of 300,000 units at a price of $0.10 per unit. 120,000 of the units were purchased by a company that is wholly-owned by one of the Company's directors. Each unit consists of one common share and one half of a common share purchase warrant, with each full warrant entitling the holder thereof to purchase one common share at an exercise price of $0.15 for a period of twenty-four months from the date of closing, subject to certain conditions which allow for acceleration of that timeframe. The issue date fair value of the warrants was estimated to be $4,815 based on their Black-Scholes value, using assumptions in Note 8(d).

(xv) On November 17, 2020, the Company completed a non-brokered private placement for gross proceeds of $5,000 through the issuance of 50,000 units at a price of $0.10 per unit. Each unit consists of one common share and one half of a common share purchase warrant, with each full warrant entitling the holder thereof to purchase one common share at an exercise price of $0.15 for a period of twenty-four months from the date of closing, subject to certain conditions which allow for acceleration of that timeframe. The issue date fair value of the warrants was estimated to be $802 based on their Black-Scholes value, using assumptions in Note 8(d).

(xvi) On December 31, 2020, the Company completed a non-brokered private placement for grossproceeds of $122,280 through the issuance of 1,019,000 F-T Shares at a price of $0.12 per F-T Share. A director of the Company subscribed for 184,000 of the F-T Shares issued. The Company paid a finder's fee equal to $7,014 and issued 58,450 finders' warrants. Each finders' warrant is exercisable into one common share at a price of $0.12 per share for 24 months from the date of closing. The fair value of these warrants was estimated at $2,139 using the assumptions in Note 8(d) and recorded as share issuance costs. The Company recognized an aggregate flow-through premium of $36,684 as a result of the issuances of the F-T Shares.

(c) Stock Options

The Company has a stock option plan to provide directors, officers, employees and consultants with options to purchase common shares of the Company. The maximum number of common shares reservedfor issuance upon the exercise of options, is not to exceed 10% of the total number of common shares outstanding immediately prior to such issuance. The stock options have a maximum term of five years and a vesting period and exercise price determined by the board of directors. The exercise price of the stock options is fixed by the board of directors and may not be less than the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

The following table reflects the continuity of stock options for the years ended December 31, 2020 and 2019.

	Number of Stock Options	Weighted Average Exercise Price	
Outstanding at December 31, 2018	-	**$**	**-**
Granted	1,000,000	$	0.05
Outstanding at December 31, 2019	**1,000,000**	**$**	**0.05**
Exercised	(100,000)	$	0.05
Expired	(250,000)	$	0.05
Outstanding at December 31, 2020	**650,000**	**$**	**0.05**

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

Stock Option Grants

On July 5, 2019, the Company granted options to purchase up to 1,000,000 common shares of the Company to directors, officers and a consultant at a price of $0.05 per share for a period of five years. The options vested immediately. The Company recorded $20,300 of share-based compensation expense, beingthe entire grant date fair value.

The fair value of the options granted, are estimated on the dates of grant using the Black-Scholes option pricing model with the following assumptions:

Grant Date	Stock Price	Exercise Price	Risk-free Interest Rate	Expected Stock Price Volatility	Expected Life (in years)	Expected Dividend Rate	Expected Forfeiture Rate
July 5, 2019	$0.03	$0.05	1.53%	100%	5	0%	0%

Stock Option Exercise

On July 22, 2020, stock options to purchase 100,000 common shares of the Company at a price of $0.05 were exercised for proceeds of $5,000 by an officer who is also a director of the Company.

Stock Option Expiry

On July 31, 2020, stock options to purchase 250,000 common shares of the Company at a price of $0.05, issued to a consultant, expired unexercised in accordance with the terms of the Company's stock option plan.

The following table reflects the stock options outstanding and exercisable at December 31, 2020:

Date of Grant	Number of Options Outstanding	Exercise Price	Weighted Average Remaining Life (years)	Date of Expiry	Number of Options Exercisable	Grant Date Fair Value
July 5, 2019	650,000	$ 0.05	3.51	July 5, 2024	650,000	$ 13,195
	650,000	**$ 0.05**	**3.51**		**650,000**	**$ 13,195**

The weighted average remaining contractual life of options outstanding and exercisable at December 31, 2020 is 3.51 years at a weighted average exercise price of $0.05.

(d) Warrants

The following table reflects the continuity of warrants for the years ended December 31, 2020 and 2019:

	Number of Warrants	Grant Date Fair Value	Weighted Average Exercise Price
Balance at December 31, 2018	**-**	**$ -**	**$ -**
Issued	52,500	515	$ 0.07
Balance, December 31, 2019	**52,500**	**515**	**$ 0.07**
Issued	1,333,450	38,456	$ 0.15
Balance, December 31, 2020	**1,385,950**	**$ 38,971**	**$ 0.15**

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

See Note 8(b)(v) for the details of finder's warrants issued on December 31, 2019.

See Note 8(b)(ix) for the details of warrants issued on May 1, 2020.

See Note 8(b)(xii) for the details of warrants issued on September 11, 2020.

See Note 8(b)(xiii) for the details of warrants issued on September 28, 2020.

See Note 8(b)(xiv) for the details of warrants issued on November 12, 2020.

See Note 8(b)(xv) for the details of warrants issued on November 17, 2020.

See Note 8(b)(xvi) for the details of finder's warrants issued on December 31, 2020.

The Company follows the fair value method of accounting for warrants using the Black-Scholes option pricing model. The fair values of warrants issued were calculated based on the following assumptions:

Issue Date	Stock Price	Exercise Price	Risk-free Interest Rate	Expected Stock Price Volatility	Expected Life (in years)	Expected Dividend Rate	Expected Forfeiture Rate
December 31, 2019	$0.03	$0.07	1.69%	100%	2	0%	0%
May 1, 2020	$0.05	$0.15	0.28%	100%	3	0%	0%
September 11, 2020	$0.084	$0.15	0.26%	100%	2	0%	0%
September 28, 2020	$0.084	$0.15	0.25%	100%	2	0%	0%
November 12, 2020	$0.084	$0.15	0.26%	100%	2	0%	0%
November 17, 2020	$0.084	$0.15	0.27%	100%	2	0%	0%
December 31, 2020	$0.084	$0.12	0.20%	100%	2	0%	0%

As at December 31, 2020, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Warrants Outstanding	Exercise Price	Weighted Average Remaining Life (years)	Expiry Date	Issue Date Fair Value
52,500	$0.07	1.00	December 31, 2021	$ 515
375,000	$0.15	2.33	May 1, 2023	7,425
625,000	$0.15	1.70	September 11, 2022 *	20,065
100,000	$0.15	1.74	September 28, 2022 *	3,210
150,000	$0.15	1.87	November 12, 2022 *	4,815
25,000	$0.15	1.88	November 17, 2022 *	802
58,450	$0.12	2..00	December 31, 2022	2,139
1,385,950	$0.15	1.88		$ 38,971

* In the event that the Company's common shares trade on a public stock exchange prior to the expiry date, these warrants are subject to a potential acceleration clause in the event that the trading price of the common shares equals or exceeds $0.25 for a period of ten (10) consecutive trading days.

The weighted average remaining contractual life of warrants outstanding as at December 31, 2020 is 1.88 years (December 31, 2019 – 2.0 years) at a weighted average exercise price of $0.15 (December 31, 2019 - $0.07).

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key Management Compensation

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Key management of New Break includes the Executive Chairman, President and Chief Financial Officer, Vice President, Exploration andthe Company's Secretary.

	For the year ended December 31, 2020	2019
Management fees	$ **128,550**	$ 105,000
Management fees included in exploration and evaluation	**18,450**	8,500
Consulting fees – paid to an independent director	**-**	5,000
Total fees paid to management and directors	**147,000**	118,500
Share-based payments	**-**	15,225
	$ **147,000**	$ 133,725

	For the Years Ended December 31, 2020	2019
Exploration and evaluation consulting fees charged by a geological consulting company, the President & CEO of which, is also a director of New Break	$ **79,849**	$ -

Related Party Transactions

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

On March 29, 2019, the Company completed a non-brokered private placement for gross proceeds of $48,000, through the issuance of 4,799,999 common shares at $0.01 per share. Management and directors subscribed for 3,400,000 of these common shares for gross proceeds of $34,000 (see Note 8(b)(i)).

On March 29, 2019, the Company issued 1,699,998 common shares at a price of $0.01 per share in respect of consulting services valued at $17,000. 1,599,998 of these common shares issued were in respect of $16,000 of indebtedness with two officers who are also directors of the Company (see Note 8(b)(ii)).

On July 5, 2019, the Company granted stock options to purchase up to an aggregate of 750,000 common shares of the Company at a price of $0.05 per share to directors and officers of the Company (see Note 8(c)).

On August 1, 2019, an officer who is also a director, subscribed for 215,000 F-T Shares at $0.07 per F-T Share for gross proceeds of $15,050 (see Note 8(b)(v)).

On April 15, 2020, the Company completed a non-brokered private placement for gross proceeds of $89,901 through the issuance of 1,284,300 F-T Shares at a price of $0.07 per F-T Share. Directors of the Company subscribed for 470,000 of the F-T Shares issued (see Note 8(b)(viii)).

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (Continued)

On July 22, 2020, the Company issued 100,000 common shares upon the exercise of stock options by an officer of the Company who is also a director, at a price of $0.05, for gross proceeds of $5,000 (see Note 8(b)(x) and Note 8(c)).

On November 12, 2020, the Company completed a non-brokered private placement for gross proceeds of $30,000 through the issuance of 300,000 units at a price of $0.10 per unit. 120,000 of the units were purchased by a company that is wholly-owned by one of the Company's directors (see Note 8(b)(xiii)).

On December 31, 2020, the Company completed a non-brokered private placement for gross proceeds of $122,280 through the issuance of 1,019,000 F-T Shares at a price of $0.12 per F-T Share. A director of the Company subscribed for 184,000 of the F-T Shares issued (see Note 8(b)(xv)).

As at December 31, 2020, $187,211 (December 31, 2019 - $11,800) included in accounts payable and accrued liabilities was owing to related parties, including $54,487 owed to a geological consulting company, the President and Chief Executive Officer of which, is also a director of the New Break. These amountsare unsecured, non-interest bearing, with no fixed terms of repayment.

10. LOSS PER SHARE

Net loss per share has been calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The effect of stock options and warrants was anti-dilutive and hence, the diluted loss per share equals the basic loss per share.

11. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2019 – 26.5%) were as follows:

	For the year ended December 31,			
		2020		2019
Loss before income taxes	**$**	**(461,620)**	$	(231,718)
Expected income tax recovery based on statutory rate	**$**	**(122,000)**	$	(61,000)
Adjustment to expected income tax benefit:				
Share-based compensation		**-**		5,000
Flow-through renunciation		**63,000**		10,000
Expenses not deductible for tax purposes		**1,000**		7,000
Benefit of tax assets not recognized		**99,000**		39,000
Other		**(6,000)**		-
Flow-through premium recovery		**(35,000)**		-
Deferred income tax provision (recovery)	**$**	**-**	$	-

(Expressed in Canadian Dollars)

11. INCOME TAXES (Continued)

b) Deferred Income Tax

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

		December 31, 2020		December 31, 2019
Non-capital loss carry-forwards	**$**	**333,000**	$	39,000
Share issue costs		**2,000**		1,000
Mineral property costs		**346,000**		-
Total	**$**	**681,000**	$	40,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

c) Non-capital Losses Carried Forward

The Company has approximately $333,000 (2019 - $149,000) of non-capital losses as at December 31, 2020 available to be carried forward against future taxable income. These non-capital losses will expire as follows:

Year of Expiry		**December 31, 2020**		December 31, 2019
2038	**$**	**200**	$	200
2039		**148,800**		148,800
2040		**184,000**		-
	$	**333,000**	$	149,000

12. COMMITMENTS

As at December 31, 2020, the Company had a commitment to spend $122,280 (December 31, 2019 - $171,549) on eligible Canadian exploration expenditures, from amounts raised from flow-through financing, by December 31, 2022.

Flow-through common shares require the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on eligible qualifying CEE. The Company has indemnified current and previous flow-through subscribers for any tax and related costs payable by them in the event the Company does not incur the required exploration expenditures. No amounts have been recorded in thesefinancial statements for potential liabilities relating to these indemnities as a triggering event has not taken place. Upon issuance of the flow-through shares during 2020 in the amount of $238,431 (2019 - $207,550), the Company recorded an aggregate flow-through share premium liability of $69,870 (2019 - $118,600). As eligible CEE is incurred, the amount is drawn down as income through the statement of loss. During the year ended December 31, 2020, the Company incurred $287,700 (2019 - $36,001) in eligible CEE and recorded a flow-through share premium recovery of $131,214 in the statement of loss (December 31, 2019 - $20,572).

12. COMMITMENTS (Continued)

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generallybecoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company and its operations have been largely unaffected by the impact of the COVID-19 global pandemic. The Company continues to believe that it will remain largely unaffected, however the future impact on the Company, if any, is uncertain at this time.

13. SUBSEQUENT EVENTS

Nunavut Federal Claim Staking

In February, March and April 2021, the Company staked certain claims, located in Kivalliq Region, Nunavut, referred to as the Sy, Noomut and Angikuni Lake claims.